

Message Text

LIMITED OFFICIAL USE

PAGE 01 OTTAWA 00427 122304Z

64

ACTION COME-00

INFO OCT-01 EUR-25 ISO-00 EB-11 OMB-01 CIEP-02 INT-08

TRSE-00 STR-08 AGR-20 TAR-02 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 SAM-01 DRC-01 /157 W

----- 007975

R 122224Z FEB 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 2720

INFO AMCONSUL MONTREAL UNN

AMCONSUL TORONTO UNN

AMCONSUL VANCOUVER UNN

AMCONSUL WINNIPEG UNN

LIMITED OFFICIAL USE OTTAWA 0427

E.O. 11652: N/A

TAGS: EIND, ETRD, CA

SUBJECT: CANADIAN CONCERNS ABOUT FERROUS SCRAP AND METALLURGICAL
COAL FROM U.S.

REF: A. OTTAWA 0415; B. OTTAWA 2938; C. OTTAWA 2359 AND PREVIOUS

1. WHEN COMMERCIAL COUNSELOR SAW JOHN DAWSON, ACTING GENERAL
DIRECTOR RESOURCE INDUSTRIES AND CONSTRUCTION BRANCH,
DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE (ITC) AND HIS
COLLEAGUES FEBRUARY 8 TO CHECK IMPRESSIONS AS REPORTED IN
REF A, DAWSON BROACHED "SERIOUS ANOMALIES" AMONG CANADIAN
FERROUS SCRAP DEALERS, PARTICULARLY ONE FIRM IN WINDSOR,
CREATED BY U.S. FERROUS SCRAP EXPORT CONTROL ALLOCATION FOR
CANADA. HE AND R.J. JONES, CHIEF OF ITC'S INDUSTRIAL MINERALS
DIVISION, WERE ANXIOUS TO GENERATE SUGGESTIONS ABOUT HOW
THE USDOC ALLOCATION FOR CANADA, WHICH THEY HAVE INEVITABLY
ANNUALIZED TO 800,000 TONS, MIGHT BE INCREASED OR, IDEALLY,
HOW THE U.S. CONTROL MIGHT BE REMOVED FOR CANADA.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OTTAWA 00427 122304Z

2. CITING THE PRACTICE OF THE SCRAP DEALER IN WINDSOR, DAWSON SAID CANADA IS THE ONLY COUNTRY UNDER U.S. ALLOCATION WHICH SHIPS FERROUS SCRAP TO THE U.S. INCLUDING SMALL QUANTITIES PREVIOUSLY RECEIVED FROM THE U.S. WITHIN THE U.S. ALLOCATION FOR CANADA. SPECIFICALLY, WHAT ITC WOULD LIKE IS EX QUOTA TREATMENT BY THE U.S. OF CANADIAN DEALERS THUS INVOLVED IN THE TRANSBORDER BUSINESS, OR AT LEAST A CREDIT UNDER THE U.S. ALLOCATION SYSTEM FOR U.S. SCRAP SHIPPED UNDER ALLOCATION TO CANADA AND SUBSEQUENTLY RESHIPPED BACK TO THE UNITED STATES.

3. COMMERCIAL COUNSELOR RECOMMENDED THAT CANADIAN OFFICIALS IN OTTAWA AND WASHINGTON CONTINUE TO BRING FACTS OF THIS SITUATION, WITH SUPPORTING DATA, TO ATTENTION OF OFFICE OF EXPORT ADMINISTRATION AT COMMERCE. HE UNDERTOOK ALSO TO REPORT INSTANT CANADIAN REPRESENTATIONS.

4. ADDITIONAL CONSIDERATIONS MENTIONED BY DAWSON AND HIS COLLEAGUES WERE:
PRICE OF FERROUS SCRAP TO LESS-THAN-CARLOAD BUYERS IN CANADA HAS GONE SO HIGH, I.E., \$95 A TON, THAT PIG IRON HAS BECOME AN ATTRACTIVE ALTERNATIVE TO FOUNDRIES AT PRESENT PRICES; AND SOME FOUNDRIES CANNOT GET EITHER SCRAP OR PIG IRON. PRICE OF PIG IRON PRESENTLY \$85 A TON TO FOUNDRIES; AND SMALL FOUNDRIES HAVE BEGUN TO BRING PRESSURE ON ITC FOR CONTROLS OVER EXPORTS OF PIG IRON, 59 PERCENT (BY VOLUME) OF WHICH GOING TO U.S. (THIS PERCENTAGE BASED ON TRADE STATISTICS FOR JANUARY-OCTOBER, 1973, DURING WHICH PERIOD 321,000 TONS SHIPPED TO U.S.)

5. IN FEBRUARY 11 CONVERSATION WITH H.D. EVANS, CHIEF OF ITC'S EXPORT AND IMPORT PERMITS DIVISION, HE ASKED COMMERCIAL COUNSELOR WHETHER U.S. AUTHORITIES CONTEMPLATING FERROUS SCRAP EXPORT EMBARGO. COMMERCIAL COUNSELOR RESPONDED THAT HE HAD NOT REPEAT NOT SEEN NOR HEARD ANYTHING TO SUGGEST THIS. EVANS PRODUCED CLIPPING FROM DETROIT FREE PRESS OF FEBRUARY 7 HEADLINED "\$20-A-TON JUMP IN ONE DAY, SCRAP STEEL HITS RECORD" AND REPORTING THAT GREAT LAKES STEEL HAD PAID \$108 PER TON FOR NO. 1 INDUSTRIAL BUNDLES AND FORD AND CHRYSLER \$107 PER TON.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OTTAWA 00427 122304Z

6. JONES ON FEBRUARY 8 ALSO BROUGHT UP CANADIAN CONCERNS OVER PRICE AND SUPPLY CONTINUITY OF METALLURGICAL COAL FROM U.S. PRACTICALLY ALL OF METALLURGICAL COAL, AMOUNTING TO 7 TO 8 MILLION TONS, USED BY ONTARIO'S "BIG THREE" STEEL COMPANIES COMES FROM U.S. WITH CURRENT U.S. PRICE AT \$30 A TON COMPARED TO \$10 A TON THREE YEARS AGO, AND COAL MINERS' UNION CONTRACT UP FOR RENEGOTIATION THIS

YEAR, CANADIANS ARE FEARFUL ABOUT A POSSIBLE FURTHER DRAMATIC
PRICE HIKE AS WELL AS CONTINUITY OF SUPPLY.
JOHNSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IRON, EXPORT QUOTAS, EXPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OTTAWA00427
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740239/aaaabkih.tel
Line Count: 118
Locator: TEXT ON-LINE
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. OTTAWA 0415; B. OTTAWA 2938; C. O, TTAWA 2359 AND PREVIOUS
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 12 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 APR 2002 by ifshinsr>; APPROVED <05 JUN 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CANADIAN CONCERNS ABOUT FERROUS SCRAP AND METALLURGICAL COAL FROM U.S.
TAGS: EIND, ETRD, CA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005